



A^BCs of **Net Metering**

Did you know that Net Metering could save you money on your electric bill? Here are some answers to commonly asked questions about how net metering works and what it could mean for you.

Q What is Net Metering?

Net Metering measures the difference between the electricity you buy from your utility and the electricity you generate using your own solar or wind generating equipment. Your meter keeps track of this “net” difference as you generate electricity and take electricity from the electricity transmission grid. When you generate more than you use, your electric meter spins backward!

Q Am I eligible?

You are eligible for Net Metering if you are a residential or small commercial electricity customer in California, and generate at least some of your electricity using solar or wind energy, or a combination of both, with a system capacity of one megawatt or less. Your electric generating system must be located on your premises and connected to the grid.

Q How does Net Metering work?

Net Metering is a special metering and billing agreement between you and your utility or electric service provider (ESP). Normally your electric meter spins forward as it measures how many kilowatt-hours of electricity you buy, and is read by your utility once a month.

A Net Metering agreement allows you to use the electricity you generate first, reducing what you would normally buy from your utility or ESP. If you generate more electricity than you use, the excess goes through your electric meter and into the grid, spinning your meter backward. Your meter shows the net amount, measured as the difference between the electricity you generate and the electricity you purchase from your utility or ESP.

Q What are the benefits of Net Metering?

Net Metering is a simple way to get the full value of the electricity you generate. For example, if you are a residential customer, you may not be home during the day when your system generates electricity. Net Metering

allows you to “store” this excess electricity on the grid, reducing or offsetting the electricity you would otherwise have to purchase.

The Net Metering law has recently been expanded to allow “time of use” agreements that place a higher value on electricity during peak times of high demand, such as on weekdays from noon to 6 p.m. during summer months. This could mean savings for you if your excess generation occurs during peak hours, and your electricity use occurs mostly during off-peak or partial off-peak hours. If you generate more than you use during the afternoon, the electricity you put on the grid is valued at a higher price than electricity you consume in the late evening or early morning, when you are charged a lower price rate.

Another benefit of Net Metering is the “baseline” rate you are charged for the net electricity you consume. The baseline is a given amount of electricity for your home or business; you are charged a lower rate for each kilowatt-hour of electricity you consume below the baseline, and a higher rate above it. If your system is sized to offset most of your electricity needs, you are charged a lower rate for the minimal electricity you purchase from your utility if your annual net consumption falls at or below baseline.

Net Metering offers additional benefits, depending on the size of your generating system. If you purchase a smaller, less expensive system, you can still offset most or all of your electricity needs because of the higher value of your excess electricity. If you purchase a larger system, you can “bank” or store your excess electricity on the grid and offset all of the electricity you would otherwise purchase from your utility or ESP.

Q How will I be billed under Net Metering?

Your utility will continue to read your meter monthly. Under a Net Metering agreement, you will receive a monthly statement indicating the net amount of electricity you consumed or generated during that billing period.

On the anniversary of your agreement, you will be billed for the net electricity you consumed for the previous twelve months. You may request the option of monthly billing. Depending on the type of agreement you have, your meter might show a credit during some or all billing periods, even though the actual kilowatt-hours you generate and consume are equal.

Your utility is not required to pay you or credit your account for your excess generation each year, but it might do so. Contact your utility or ESP to discuss the option of negotiating rates for purchasing excess generation. If your current utility or ESP does not purchase excess electricity, you may contract with another company that will agree to purchase it.

Q What size should my generating system be?

To be eligible for a Net Metering agreement in California, generating systems cannot have a peak power output of

more than one megawatt. Although a minimum size is not required, most residential systems range between two and four kilowatts. Your system size will depend on your needs and how much electricity you want to generate. You can also build your system by starting small and expanding over time. As long as your total system output is not greater than one megawatt, this modular approach is still allowable.



Can I use my current electric meter?

Most residential and small commercial customers have simple meters that are bi-directional, capable of turning in both directions. Some utilities or ESPs may want two meters for net metering, one to measure electricity going from the grid to your home or business, and one to measure the excess going from your system to the grid. If your utility wants two, uni-directional meters, they must pay for them, *not you*. If you enter into a time-of-use billing agreement, you will need to purchase a bi-directional time-of-use meter. Contact your utility for more information.



How do I sign up?

It's simple. Contact your utility or ESP and ask if they offer Net Metering. Your ESP and the company that distributes electricity to you may be the same or different companies. Your ESP handles the billing and accounting for Net Metering, while your local distribution company (LDC) handles how your generating system is connected to the grid. You and your LDC may also need to enter into an Interconnection Agreement, which will outline the requirements for safely connecting your generating system to the grid.

When connecting the system to your grid, your LDC cannot:

- ☐ Require you to purchase or pay for any meters beyond the simple, bi-directional meter that you probably already have, with the exception of time-of-use meters.
- ☐ Impose any requirements, standards, or tests on your system—if it meets existing national standards for grid-interconnected systems.
- ☐ Require you to purchase any additional insurance.
- ☐ Require you to buy your electricity from them or their affiliates.

Other common questions about Net Metering

- Q** If my generating system produces more electricity than I need, is my utility or ESP required to buy it from me?

- A** Utilities or ESPs may, but are not required to, purchase any excess electricity you produce at the end of each year of your net metering agreement. State law says that they do not have to buy your net generation. However, some ESPs, especially those specializing in selling “green” electricity, may be willing to buy your excess solar or wind electricity to re-sell to their other customers.

- Q** Will I have to pay for special meters, inspections or fees to get my system hooked up to the grid?

- A** You are only responsible for having a simple, bi-directional meter, the type you probably already have, unless you decide to purchase a time-of-use meter. If your generating system meets national safety and performance standards, you cannot be charged for additional tests, certifications or fees.

- Q** Will the electricity I might still need to buy from a utility or ESP cost me more than before I became a Net Metered customer?

- A** No, your utility or ESP cannot charge you more for electricity because you are a Net-Metered customer, and no charges can be imposed on the electricity you generate.



How can I get more information?

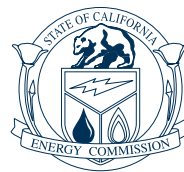
Helpful information and other materials about renewable energy can be obtained from:

California Energy Commission

Call Center: (800) 555-7794

Renewable@energy.state.ca.us

www.consumerenergycenter.org



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